

## Assembly Constitutional Amendment

No. 4

---

**Introduced by Assembly Member Blumenfield**

December 6, 2010

---

Assembly Constitutional Amendment No. 4—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by amending Section 1 of Article XIII A thereof, and by amending Section 18 of Article XVI thereof, relating to local government financing.

### LEGISLATIVE COUNSEL'S DIGEST

ACA 4, as introduced, Blumenfield. Local government financing: voter approval.

(1) The California Constitution prohibits the ad valorem tax rate on real property from exceeding 1% of the full cash value of the property, subject to certain exceptions.

This measure would create an additional exception to the 1% limit for a rate imposed by a city, county, city and county, or special district, as defined, to service bonded indebtedness incurred to fund specified public improvements and facilities, or buildings used primarily to provide sheriff, police, or fire protection services, that is approved by 55% of the voters of the city, county, city and county, or special district, as applicable.

(2) The California Constitution prohibits specified local government agencies from incurring any indebtedness exceeding in one year the income and revenue provided in that year, without the assent of  $\frac{2}{3}$  of the voters and subject to other conditions. In the case of a school district, community college district, or county office of education, the California Constitution permits a proposition for the incurrence of indebtedness

in the form of general obligation bonds for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, to be adopted upon the approval of 55% of the voters of the district or county, as appropriate, voting on the proposition at an election.

This measure would similarly lower to 55% the voter-approval threshold for a city, county, or city and county to incur bonded indebtedness, exceeding in one year the income and revenue provided in that year, that is in the form of general obligation bonds to fund specified public improvements and facilities, or buildings used primarily to provide sheriff, police, or fire protection services.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

1     *Resolved by the Assembly, the Senate concurring,* That the  
2     Legislature of the State of California at its 2011–12 Regular  
3     Session commencing on the sixth day of December 2010,  
4     two-thirds of the membership of each house concurring, hereby  
5     proposes to the people of the State of California, that the  
6     Constitution of the State be amended as follows:

7     First—That Section 1 of Article XIII A thereof is amended to  
8     read:

9     SECTION 1. (a) The maximum amount of any ad valorem  
10    tax on real property shall not exceed ~~One 1 percent (1%)~~ of the  
11    full cash value of ~~such~~ *that* property. The ~~one 1 percent (1%)~~ tax  
12    ~~to~~ *shall* be collected by the counties and apportioned according to  
13    law to the districts within the counties.

14    (b) The limitation provided for in subdivision (a) shall not apply  
15    to ad valorem taxes or special assessments to pay the interest and  
16    redemption charges on any of the following:

17    (1) Indebtedness approved by the voters prior to July 1, 1978.

18    (2) Bonded indebtedness for the acquisition or improvement of  
19    real property approved on or after July 1, 1978, by two-thirds of  
20    the votes cast by the voters voting on the proposition.

21    (3) Bonded indebtedness incurred by a school district,  
22    community college district, or county office of education ~~for~~ *to*  
23    *fund* the construction, reconstruction, rehabilitation, or replacement  
24    of school facilities, including the furnishing and equipping of  
25    school facilities, or the acquisition or lease of real property for

1 school facilities, approved by 55 percent of the voters of the district  
2 or county, as appropriate, voting on the proposition on or after the  
3 ~~effective date of the measure adding this paragraph~~ November 8,  
4 2000. This paragraph shall apply only if the proposition approved  
5 by the voters and resulting in the bonded indebtedness includes  
6 all of the following accountability requirements:

7 (A) A requirement that the proceeds from the sale of the bonds  
8 be used only for the purposes specified in ~~Article XIII A, Section~~  
9 ~~1(b)(3), this paragraph~~ and not for any other purpose, including  
10 teacher and administrator salaries and other school operating  
11 expenses.

12 (B) A list of the specific school facilities projects to be funded  
13 and certification that the school district board, community college  
14 board, or county office of education has evaluated safety, class  
15 size reduction, and information technology needs in developing  
16 that list.

17 (C) A requirement that the school district board, community  
18 college board, or county office of education conduct an annual,  
19 independent performance audit to ensure that the funds have been  
20 expended only on the specific projects listed.

21 (D) A requirement that the school district board, community  
22 college board, or county office of education conduct an annual,  
23 independent financial audit of the proceeds from the sale of the  
24 bonds until all of those proceeds have been expended for the school  
25 facilities projects.

26 (4) (A) *Bonded indebtedness, approved by 55 percent of the*  
27 *voters of a city, county, city and county, or special district, as*  
28 *applicable, voting on the proposition on or after the effective date*  
29 *of the measure adding this paragraph, incurred by the city, county,*  
30 *city and county, or special district to fund the construction,*  
31 *reconstruction, rehabilitation, or replacement of any of the*  
32 *following:*

33 (i) *Public improvements, including, but not limited to,*  
34 *improvements to transportation infrastructures, streets, highways,*  
35 *sewer systems, water systems, wastewater systems, and park and*  
36 *recreation facilities.*

37 (ii) *Facilities or buildings used primarily to provide sheriff,*  
38 *police, or fire protection services to the public, including the*  
39 *furnishing and equipping of those facilities or buildings.*

1 (B) “Special district,” for purposes of this paragraph, has the  
2 same meaning as that term is used in subdivision (c) of Section 1  
3 of Article XIII C, but does not include a school district or a  
4 redevelopment agency.

5 (c) Notwithstanding any other provisions of law or of this  
6 Constitution, ~~a school districts, community college districts, and~~  
7 ~~county offices of education~~ district, community college district,  
8 county office of education, city, county, city and county, or special  
9 district may levy a 55 percent vote ad valorem tax pursuant to  
10 subdivision (b).

11 Second—That Section 18 of Article XVI thereof is amended to  
12 read:

13 SEC. 18. (a) No county, city, town, township, board of  
14 education, or school district, shall incur any indebtedness or  
15 liability in any manner or for any purpose exceeding in any year  
16 the income and revenue provided for ~~such~~ that year, without the  
17 assent of two-thirds of the voters of the public entity voting at an  
18 election to be held for that purpose, except that with respect to any  
19 such public entity ~~which~~ that is authorized to incur indebtedness  
20 for public school purposes, any proposition for the incurrence of  
21 indebtedness in the form of general obligation bonds for the  
22 purpose of repairing, reconstructing, or replacing public school  
23 buildings determined, in the manner prescribed by law, to be  
24 structurally unsafe for school use, shall be adopted upon the  
25 approval of a majority of the voters of the public entity voting on  
26 the proposition at ~~such~~ that election; nor unless before or at the  
27 time of incurring ~~such indebtedness~~ the indebtedness, provision  
28 shall be made for the collection of an annual tax sufficient to pay  
29 the interest on ~~such~~ the indebtedness as it falls due, and to provide  
30 for a sinking fund for the payment of the principal thereof, on or  
31 before maturity, which shall not exceed forty years from the time  
32 of contracting the indebtedness.

33 (b) Notwithstanding subdivision (a), on or after ~~the effective~~  
34 ~~date of the measure adding this subdivision, November 8, 2000,~~  
35 in the case of any school district, community college district, or  
36 county office of education, any proposition for the incurrence of  
37 indebtedness in the form of general obligation bonds for the  
38 construction, reconstruction, rehabilitation, or replacement of  
39 school facilities, including the furnishing and equipping of school  
40 facilities, or the acquisition or lease of real property for school

1 facilities, shall be adopted upon the approval of 55 percent of the  
2 voters of the district or county, as appropriate, voting on the  
3 proposition at an election. This subdivision shall apply only to a  
4 proposition for the incurrence of indebtedness in the form of  
5 general obligation bonds for the purposes specified in this  
6 subdivision if the proposition meets all of the accountability  
7 requirements of paragraph (3) of subdivision (b) of Section 1 of  
8 Article XIII A.

9 *(c) Notwithstanding subdivision (a), on or after the effective*  
10 *date of the measure adding this subdivision, in the case of any city,*  
11 *county, or city and county, any proposition to incur indebtedness*  
12 *in the form of general obligation bonds shall be adopted by 55*  
13 *percent of the voters of the city, county, or city and county, as*  
14 *applicable, voting on the proposition at an election, where the*  
15 *general obligation bonds would fund the construction,*  
16 *reconstruction, rehabilitation, or replacement of any of the*  
17 *following:*

18 *(1) Public improvements, including, but not limited to,*  
19 *improvements to transportation infrastructures, streets, highways,*  
20 *sewer systems, water systems, wastewater systems, and park and*  
21 *recreation facilities.*

22 *(2) Facilities or buildings used primarily to provide sheriff,*  
23 *police, or fire protection services to the public, including the*  
24 *furnishings and equipping of those facilities or buildings.*

25 ~~(e)~~

26 *(d) When two or more propositions for incurring any*  
27 *indebtedness or liability are submitted at the same election, the*  
28 *votes cast for and against each proposition shall be counted*  
29 *separately, and when two-thirds or a majority or 55 percent of the*  
30 *voters, as the case may be, voting on any one of those propositions,*  
31 *vote in favor thereof, the proposition shall be deemed adopted.*